

California State Teachers'
Retirement System

CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

Member Handbook

YOUR GUIDE TO CALSTRS BENEFITS

2005 – 2006



March 2005

CalSTRS
P.O. Box 15275
Sacramento CA 95851-0275

Member Services

800-228-5453
TTY 916-229-3541
Fax 916-229-3879

Web Sites

www.calstrs.com
www.403bcompare.com

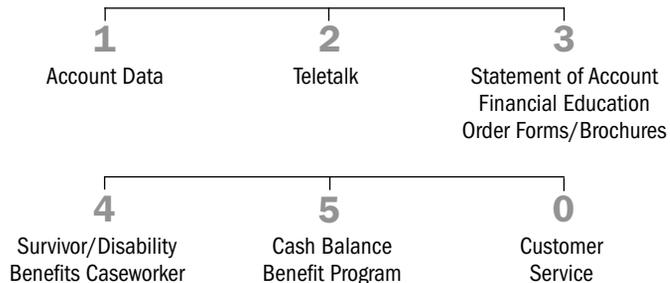
Workshop Registration

888-394-2060

Home Loan Program

866-384-4457

**Dial 800-228-5453
then press the numbers to access**



The summarized data pertain to the Teachers' Retirement Law (California Education code 22000 et. seq.) and procedures effective January 1, 2005. The *Member Handbook* is intended as a ready source of information about CalSTRS and not as a legal document or a substitute for the law. If differences appear between the law and the handbook, the law must prevail.

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Dear Member,

Welcome to the California State Teachers' Retirement System. I am pleased to present the latest edition of the *Member Handbook*. Whether you are just beginning your career in education or are an experienced educator, this handbook will answer many of the questions you have about your benefit coverage. The information in it can help you make informed decisions during your active career and prepare fully for your retirement.

CalSTRS is the nation's largest teachers' pension fund and our dedicated, professional and conscientious staff work hard to improve service and responsiveness to your needs. Although we serve more than 750,000 California educators and their families, we are committed to providing exemplary service to each and every person who calls, writes or visits CalSTRS.

Service to CalSTRS members and the security of the Teachers' Retirement Fund remain our highest priorities. We look forward to assisting you throughout your career and retirement.

Sincerely,

A handwritten signature in black ink that reads "Jack Ehnes". The signature is fluid and cursive, with a large initial "J" and "E".

Jack Ehnes
Chief Executive Officer

A Brief History of CalSTRS

The California State Teachers' Retirement System was established by law in 1913 to provide retirement benefits to California's public school teachers. Membership in the CalSTRS Defined Benefit Program includes all employees in California public schools from kindergarten through community college in positions performing creditable service under the Defined Benefit Program.

Teachers' Retirement Board

The Teachers' Retirement Board sets policies, makes rules for, and administers the California State Teachers' Retirement System. The board is also responsible for ensuring benefits are paid by the system in accordance with law.

Our 12-member Teachers' Retirement Board is made up of:

- Three member-elected positions representing current educators.
- A retired CalSTRS member appointed by the Governor and confirmed by the Senate.
- Three public representatives appointed by the Governor and confirmed by the Senate.
- A school board representative appointed by the Governor and confirmed by the Senate.
- Four board members who serve in an ex-officio capacity by virtue of their office: Director of Finance, State Controller, State Superintendent of Public Instruction and State Treasurer.

The board appoints a Chief Executive Officer to administer the system consistent with the board's policies and rules. The board also selects a Chief Investment Officer to direct the investment of the Teachers' Retirement Fund in accordance with board policy.

The board has three standing committees: Audits and Risk Management, Benefits and Services and Investments.

Teachers' Retirement Fund

The Teachers' Retirement Fund is a special trust fund established by law that holds the assets of the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs. The assets come from contributions from employees, employers and the state of California. The fund's investments create a stream of income to add to those assets.

When selecting investments, the Teachers' Retirement Board applies standards of safety, diversification, liquidity and structure for a complete and profitable investment portfolio. The portfolio includes stocks, bonds, real estate and short-term investments. Within these categories, CalSTRS further diversifies by holding a variety of issues within each segment.

The Teachers' Retirement Fund portfolio market value was \$126 billion as of December 31, 2004. CalSTRS ranks as the nation's third largest public pension fund.

For further information about Teachers' Retirement Fund investments, visit our Web site at www.calstrs.com.

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Checklist for a Secure Financial Future

Less than one year of service credit

- _ Begin saving in a tax-deferred 403(b) account such as the Voluntary Investment Program.
- _ Submit a *One-Time Death Benefit Recipient* form.

One to five years of service credit – You are now eligible for the CalSTRS one-time death benefit and monthly survivor benefit if you die while an active member.

- _ Check your *Annual Statement of Account* every year for the accuracy of your service credit.
- _ Start a file to save your annual statements and other CalSTRS forms.
- _ Attend a Demystifying CalSTRS workshop.

Five years of service credit – You are now vested and are eligible to receive a lifetime monthly retirement benefit when you retire. You can now retire if you are at least 55.

- _ Attend a CalSTRS Fundamentals workshop.
- _ Use the online Retirement Benefits Calculator at www.calstrs.com to estimate your retirement benefit.
- _ Consider increasing your contributions to your tax-deferred 403(b) or other savings.
- _ Develop a financial plan.
- _ Continue to check your annual statements for accuracy and file them with other important CalSTRS information.

Ten years of service credit – It's time to plan the financial details of your career and retirement.

- _ Attend a CalSTRS Fundamentals workshop if you have not already done so.
- _ Meet with a CalSTRS benefits counselor in person or by telephone.
- _ Review the one-time death benefit recipient designation and your service credit shown on your *Annual Statement of Account*.
- _ Update your financial plan.
- _ Increase your tax-deferred savings.

Between the ages 50 and 55 with at least 30 years of service credit OR At least age 55 with at least five years of service credit – You are eligible to retire.

- _ Attend a CalSTRS Retirement Checkup workshop.
- _ Get an estimate of your retirement benefit from a CalSTRS benefit counselor in person or by telephone.
- _ Submit a *Pre-Retirement Election of an Option* form to provide a lifetime monthly benefit to someone if you die before retirement, if applicable.
- _ Update your *One-Time Death Benefit Recipient* form, if necessary.

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